GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:632
ANSWERED ON:02.03.2007
INSURANCE AND LOAN SCHEMES FOR STUDENTS
Sugavanam Shri E.G.

Will the Minister of FINANCE be pleased to state:

(a) whether the commercial banks have started any insurance and loan schemes for students pursuing higher studies;

(b) if so, the criteria adopted for the same and the amount of loans sanctioned during the last three years, State-wise;

(c) whether the Government is aware that many students are facing a lot of difficulties getting their loans due to cumbersome procedure and red- tapism; and

(d) if so, the steps taken by the Government to simplify the procedure and to remove red-tupism for granting education loan to the students?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE) (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Some banks have offered insurance coverage of different types with the education loans in association with Insurance Companies. As reported by Reserve Bank of India(RBI!), State-wise figures of outstanding education loans given by Commercial Banks under priority sector for the years 2003-04 , 2004-05 and 2005-06 (as available) aie annexed.

(c) & (d) : The Model Education Loan Scheme, 2004 provides broad guidelines to the banks for operationlising the scheme and the implementing bank will have the discretion to make changes suiting the convenience of the students/parents to make it more customer friendly. The banks have been advised by Indian Banks` Association to give adequate publicity for the scheme. RBI has repiorted that specific complaint;? of non-sanctioning of education loan by banks, if any, are investigated and remedial measures are taken.